

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1515-01
Bill No.: HB 716
Subject: Health Care; Children and Minors; Medicaid; Social Services Department
Type: Original
Date: March 25, 2013

Bill Summary: This proposal establishes the “Show-Me Healthy Babies Program” as a separate CHIPs program for low-income unborn children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Could exceed \$4,013,617)	(Could exceed \$4,829,482)	(Could exceed \$5,017,052)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$4,013,617)	(Could exceed \$4,829,482)	(Could exceed \$5,017,052)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures greater than \$13 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** provide the following:

Section 208.662. 1. creates the "Show-Me Healthy Babies Program" which would provide medical coverage to unborn children through the children's health insurance program (CHIP).

Section 208.662. 2. sets the income eligibility of the program at no more than 300% of the federal poverty level (FPL), subject to appropriations.

Section 208.662. 3. states that medical coverage would be limited to prenatal care and pregnancy-related services that benefit the health of the unborn child and that promote healthy labor, delivery, and birth.

The Family Support Division (FSD) assumes that 2,376 unborn children will be enrolled. This is the number of Medicaid for Pregnant Women (MPW) who were denied coverage for income between 185% and 300% of FPL. MHD assumes that the cost of coverage would be similar to the current coverage for the MPW population, which could include other medical issues for the mother that could affect the unborn baby (for example, diabetes or an infection). The cost per member per month (PMPM) for the MPW population is \$563.37. Total cost for a year would be \$16,062,819 (2,376 x \$563.37 x 12). There may be some additional unknown costs for programming, so that this new category of aid can be identified.

Section 208.662. 4. requires the department of social services to set up a presumptive eligibility procedure for enrolling an unborn child.

FSD currently has presumptive eligibility procedures in place.

Section 208.662. 5. states that coverage for the child shall continue for up to one year after birth.

MHD currently covers children age 0 - 1 between 185% - 300% of FPL under the CHIP program. This would have no additional fiscal impact on MHD.

Section 208.662.6 requires coverage for the mother to continue through the last day of the month that includes the sixtieth day after the pregnancy ends. Coverage for the mother shall be limited to pregnancy-related and postpartum care.

These costs would be included in the yearly cost of the MPW population.

ASSUMPTION (continued)

Section 208.662. 7. requires the department of social services to ensure that there is no duplication of payments for services for an unborn child and an eligible pregnant woman.

MHD currently has these checks in place. This would not result in any additional fiscal impact.

Section 208.662. 8. defines the ways that the department of social services may provide coverage. These include paying the health care provider directly or through managed care; a premium assistance program; or a combination of the two.

MHD assumes a one-time cost for managed care rate development of \$50,000.

Section 208.662. 10. requires the department of social services to submit a state plan amendment within sixty days after the effective date of this section to United States Department of Health and Senior Services.

MHD currently has a state plan amendment for CHIP. MHD assumes that we could submit this new state plan amendment with our existing staff.

Section 208.662. 11. requires the department of social services to prepare and submit a report on cost savings and benefits at least annually.

MHD assumes that they would contract this service out at a cost of \$40,000 per year.

Section 208.662. 12. states that the show-me healthy babies program shall not be deemed an entitlement program, but instead shall be subject to federal allotment or appropriations and matching state appropriations.

Section 208.662. 13. states that the state is not obligated to continue this program if the allotment or payments from the federal government end or are not sufficient to operate the program, or if the general assembly does not appropriate funds for the program.

MHD assumes that if the waiver were not approved or if state match were not appropriated, that this program would cease to exist.

Section 208.662. 14. states that nothing in this section shall be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government or the state.

Total costs for the program, would be \$16,062,819 in FY12 for the unborn population plus \$40,000 per year for reporting, and a one-time rate development cost of \$50,000 and a one-time unknown cost for programming in FY14. It is also assumed that the unborn cost in FY14 will

ASSUMPTION (continued)

only be for a 10-month period. A 3.9% medical inflation was added to the FY12 program costs for FY13 and FY14 to arrive at the FY14 cost. An additional 3.9% medical inflation cost was added to FY15 and FY16. The federal match for CHIP services is 73.305%. Rate development, reporting and programming costs would receive a federal match rate of 50%.

FY14 (10 months): > \$14,540,125 (GR \$3,902,461; Federal \$10,637,664);
FY15: >\$18,056,416 (GR \$4,829,482; Federal \$13,226,934); and
FY16: >\$18,759,056 (GR \$5,017,052; Federal \$13,742,004).

Officials from the **DSS - Family Support Division (FSD)** provide the following assumptions:

§ 208.662 - Show-Me Healthy Babies Program:

Federal rules found in 42 CFR 457 allow states the option to consider an unborn child to be a 'targeted low-income child'. This allows an unborn child to be eligible for health benefits coverage under the Children's Health Insurance Program (CHIP) if other applicable eligibility requirements are met.

The definition of 'targeted low-income child' is found at federal rule 42 CFR 457.310. This definition limits the family income to no more than 200% of the federal poverty level (FPL). However, in Missouri, the income limit is currently set at 150% FPL for targeted low-income children. Therefore, the income limit for unborn children would be limited to 150% FPL in order to receive Federal Financial Participation (FFP, or federal matching) funds unless a waiver is requested from the federal government to expand coverage for unborn children above 150% FPL. If a waiver is not granted, unborn children coverage above 150% FPL would not be eligible for FFP and would have to be paid 100% from General Revenue (GR) funds.

The MO HealthNet for Pregnant Women (MPW) program currently covers pregnant women with family income up to 185% FPL and covers all medical services, not just prenatal care and pregnancy-related services. Therefore, FSD anticipates only unborn children whose family income is greater than 185% FPL, but less than 300% FPL would be eligible for the Show-Me Healthy Babies Program. Based on the average number of MPW cases rejected due to income above 185% FPL, but with income below 300% FPL, the FSD estimates at least 2,376 unborn children would be eligible for this program each year.

Due to the change in organization structure and the requested new eligibility system, FSD assumes existing staff will be able to maintain the increased caseload size and take applications. However, if the funding is not available for the new eligibility system, FSD would need up to ten (10) additional staff to manage the new cases. The FSD anticipates the cost for staff would exceed \$250,000; FY 14 is based on 10 months. A 50/50 federal/state match is assumed.

ASSUMPTION (continued)

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

The FSD assumes OA-ITSD will include the FAMIS programming costs needed to implement the provisions of this proposal in their fiscal note response.

Officials from the **OA - Information Technology Services Division (ITSD) - DSS** provide the following assumptions:

Family Assistance Management Information System (FAMIS) Estimates:	
Activities	Estimated Hours
An auto batch program to create these applications	160
Data Gathering	160
Technical Eligibility Determination	250
Income Eligibility Determination	250
Assistance Grouping changes	200
Possible New Screen(s)	200
Possible changes on the Pregnancy Detail Screen	160
Presumptive Eligibility Procedure (Should be built into the Technical or Income Determination)	160
Coverage up to one year after birth/ Ex-Parte etc (Is this in addition to the existing newborn benefits that the system provides now?)	160
Possible changes on the Managed Care Batch Program	160
Forms/Notices	160
Extracts/Reports	160
Annual Report (Analysis of Cost Savings/Benefits)	80
Total	2260 hrs

Assumptions:

- The estimates for FAMIS are given as if the changes would be made in the current FAMIS system;
- If the changes for this proposal are implemented on top of the Modified Adjusted Gross Income (MAGI) implementation, then costs become unknown as the MAGI technology and application are unknown at this time; and
- This effort would require contract staff whose current rate averages \$90.00/hr.

FAMIS Total: 2260 hours X \$90.00/hr = \$ 203,400.

ASSUMPTION (continued)

MHD Estimates:

Activities	Estimated Hours
Analysis/Design/Create/Modify Specs	100
Coding	160
Testing	40
Total	300 hrs

$$300 \text{ hours} \times \$63.04/\text{hr} = \$18,912$$

Or, if implemented on top of MAGI, the cost becomes - Unknown, greater than \$18,912.

For fiscal note purposes, ITSD is not assuming changes for this proposal will be implemented on top of the MAGI implementation. Therefore, the total impact for fiscal note is assumed to be:

FAMIS	\$ 203,400
MHD	<u>18,912</u>
Total	<u>\$ 222,312</u>

Match rate is 50% General Revenue and 50% Federal.

Officials from the **Office of Administration (OA) - Commissioner's Office** state under the Alternatives-to-Abortion (A2A) Program administered by OA, portions of this legislative proposal would duplicate services provided under section 188.325, RSMo.

Due to the duplication of services and the differences between the services provided, it is unknown at this time how the A2A program would be impacted if this proposal received passage.

Officials from the **OA - Division of Budget and Planning** and the **Department of Health and Senior Services** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - OA</u>			
Alternatives-to-Abortion	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs - OA-ITSD-DSS</u>			
System programming changes	(\$111,156)	\$0	\$0
<u>Costs - DSS-MHD</u>			
Program expansion, reporting and development expenditures	(Unknown, greater than \$3,902,461)	(Unknown, greater than \$4,829,482)	(Unknown, greater than \$5,017,052)
<u>Costs - DSS-FSD</u>			
Program expenditures	(\$0 or <u>Unknown,</u> <u>greater than</u> <u>\$104,166)</u>	(\$0 or <u>Unknown,</u> <u>greater than</u> <u>\$125,000)</u>	(\$0 or <u>Unknown,</u> <u>greater than</u> <u>\$125,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Could exceed</u> <u>\$4,013,617)</u>	<u>(Could exceed</u> <u>\$4,829,482)</u>	<u>(Could exceed</u> <u>\$5,017,052)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD</u>			
Program expenditure reimbursements	Unknown, greater than \$10,637,664	Unknown, greater than \$13,226,934	Unknown, greater than \$13,742,004
<u>Income - DSS-FSD</u>			
Program expenditure reimbursements	\$0 or Unknown, greater than \$104,166	\$0 or Unknown, greater than \$125,000	\$0 or Unknown, greater than \$125,000
<u>Income - OA-ITSD-DSS</u>			
System programming reimbursements	\$111,156	\$0	\$0

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS (continued)			
<u>Costs - DSS-MHD</u>			
Program expenditures	(Unknown, greater than \$10,637,664)	(Unknown, greater than \$13,226,934)	(Unknown, greater than \$13,742,004)
<u>Costs - DSS-FSD</u>			
Program expenditures	(\$0 or Unknown, greater than \$104,166)	(\$0 or Unknown, greater than \$125,000)	(\$0 or Unknown, greater than \$125,000)
<u>Costs - OA-ITSD-DSS</u>			
System programming expenditures	<u>(\$111,156)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2014 (10 Mo.)	 FY 2015	 FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

May impact, positively or negatively, the reimbursement amounts received by small business health care providers.

FISCAL DESCRIPTION

This proposal establishes the Show-Me Healthy Babies Program as a separate children's health insurance program for low-income unborn children.

For an unborn child to be eligible for enrollment in the program, the mother of the child must not be eligible for coverage under Title XIX of the federal Social Security Act, the Medicaid program as administered by the state, and must not have access to affordable employer-subsidized health care insurance or other affordable health care coverage that includes coverage for the unborn

FISCAL DESCRIPTION (continued)

child. The unborn child must be in a family with income eligibility of no more than 300% of the federal poverty level or the comparable modified adjusted gross income unless the income eligibility is set lower by the General Assembly through appropriations. When calculating family size as it relates to income eligibility, the family must include in addition to other family members, the unborn child, or in the case of a mother with a multiple pregnancy, all unborn children.

Coverage for an unborn child enrolled in the program must include all prenatal care and pregnancy-related services that benefit the health of the unborn child and promote healthy labor, delivery, and birth. Coverage must not include services that are solely for the benefit of the pregnant mother, are unrelated to maintaining or promoting a healthy pregnancy, and provide no benefit to the unborn child.

The proposal specifies that there must not be a waiting period before an unborn child may be enrolled in the program. Coverage must include the period from conception to birth and the Department of Social Services must develop a presumptive eligibility procedure for enrolling an unborn child.

Coverage for the child continues for up to one year after birth, unless otherwise prohibited by law or limited by the General Assembly through appropriations. The General Assembly may set nonarbitrary conditions on the post-birth coverage for the child based on factors including age, income eligibility, geography, race ethnicity, morbidity, mortality, birth weight, and disability. Pregnancy-related and postpartum coverage for the mother begins on the day the pregnancy ends through the last day of the month that includes the sixtieth day after the pregnancy ends, unless otherwise prohibited by law or limited by the General Assembly through appropriations. The General Assembly may set nonarbitrary conditions on the pregnancy-related and postpartum coverage for the mother based on factors including age, income eligibility, geography, race ethnicity, morbidity, mortality, birth weight, and disability. Coverage for the mother is limited to pregnancy-related and postpartum care.

The proposal does not prohibit an unborn child from being enrolled in the program at the same time his or her mother is enrolled in MO HealthNet, the Children's Health Insurance Program (CHIP), Medicare, or another health care program. The department must ensure that there is no duplication of payments for services for an unborn child enrolled in the program that are payable under a governmental or nongovernmental health care program for services to an eligible pregnant woman.

The proposal specifies the way the department may provide coverage for an unborn child enrolled in the program. The department must provide information about the program to maternity homes as defined in Section 135.600, RSMo, pregnancy resource centers as defined in Section 135.630, and other similar agencies and programs in the state that assist unborn children

FISCAL DESCRIPTION (continued)

and their mothers. The department must consider including these agencies and programs as places that may assist in enrolling unborn children in the program and in determining presumptive eligibility.

Within 60 days after the effective date of these provisions, the department must submit a state plan amendment to the federal Department of Health and Human Services requesting approval for the program.

At least annually, the department must prepare and submit a report to the Governor, the Speaker of the House of Representatives, and the President Pro Tem of the Senate analyzing the cost savings and benefits, if any, to the state, counties, local communities, school districts, law enforcement, health care providers, employers and other public and private entities and persons by enrolling unborn children in the program. The proposal specifies the information that must be included in this analysis.

The program is not to be deemed an entitlement program, but instead is subject to a federal allotment or other federal appropriations and matching state appropriations. The state is not obligated to continue the program if the allotment or payments from the federal government end or are not sufficient for the program to operate or if the General Assembly does not appropriate funds for the program. The proposal must not be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government on the state.

This legislation is not federally mandated and would not require additional capital improvements or rental space. This program may duplicate an existing program.

SOURCES OF INFORMATION

Office of Administration -
Division of Budget and Planning
Commissioner's Office
Information Technology Services Division - Department of Social Services
Department of Health and Senior Services
Department of Social Services -
Family Support Division
MO HealthNet Division



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